

Bell Atlantic
1300 I Street N.W.
Suite 400 West
Washington, DC 20005
202 336-7824 Fax 202 336-7922
E-Mail: Dolores.A.May@BellAtlantic.com

Dee May
Director
Federal Regulatory Affairs

EX PARTE OR LATE FILED



RECEIVED

MAY 19 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

May 19, 1999

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Dockets 96-98: Second Further Notice of Proposed Rulemaking In the Matter of the Local Competition Provisions in the Telecommunications Act of 1996

Bell Atlantic met yesterday with representatives of the Common Carrier Bureau to review Bell Atlantic's position regarding what network elements must be made available to new entrants and a number of associated issues. Representing Bell Atlantic were J. Pachulski, A. Trinchese, R. Crandall and me. Attending from the Common Carrier Bureau of the FCC were J. Jennings, C. Fox, C. Libertelli, J. Reel and W. Sharkey. Material used in the discussion is attached.

Please feel free to call me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Dee May".

Attachment

Cc: C. Fox
J. Jennings
C. Libertelli
J. Reel
W. Sharkey

No. of Copies rec'd 0+1
List ABCDE

Bell Atlantic

UNE Remand Proceeding

A lot has changed since the Commission first established unbundling rules

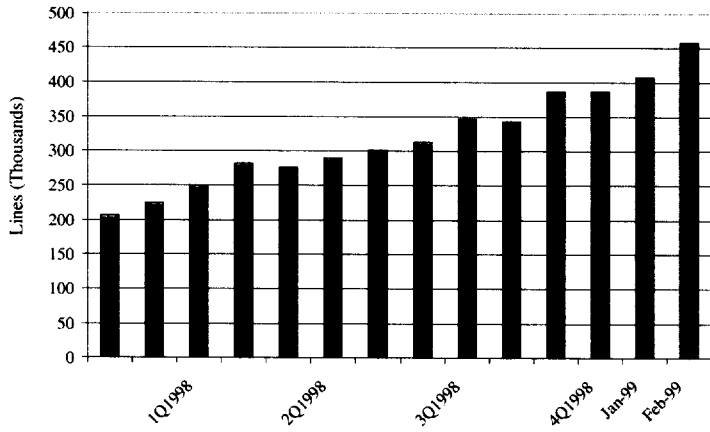
- More than \$30 billion has been invested in local competitors
- Local competitors have deployed hundred of switches and millions of miles of fiber optic networks in major metropolitan areas
- Local competition is growing faster than long distance competition

The impact of this competitive activity is evident in the Bell Atlantic region

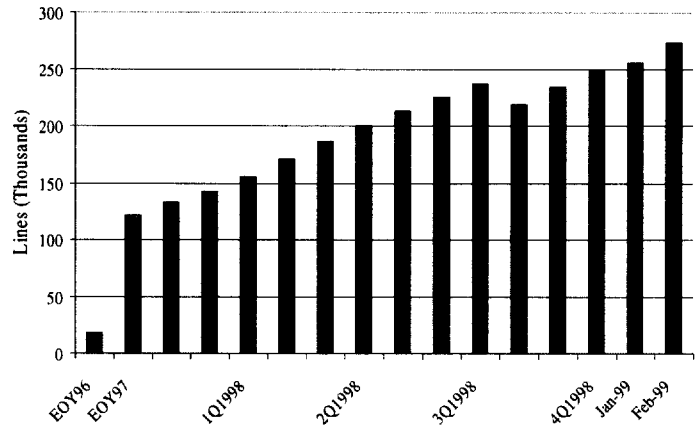
- There are more than 650,000 interconnection trunks running between Bell Atlantic's switches and its competitors' switches.
- Bell Atlantic exchanged over 31.2 billion minutes of traffic with competing carriers last year and is now averaging over 4.3 billion minutes of traffic each month.
- Local competitors have more than 1,500 physical and virtual collocation nodes in Bell Atlantic's central offices.
- Competing carriers have over 725,000 fiber miles
- Competing carriers are serving nearly 1,700,000 lines dispersed throughout the region -- including approximately 900,000 served entirely over their own facilities, more than 700,000 served through resale, and approximately 100,000 served using loops and other network elements.

Local Competition in New York

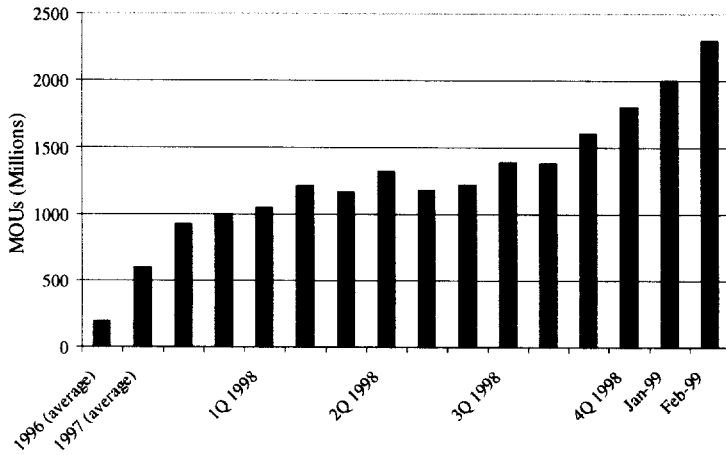
CLEC Facilities-Based Lines



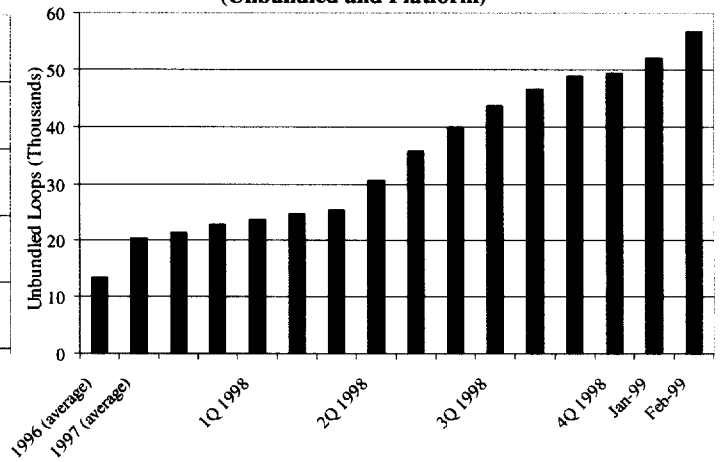
CLEC Resold Lines



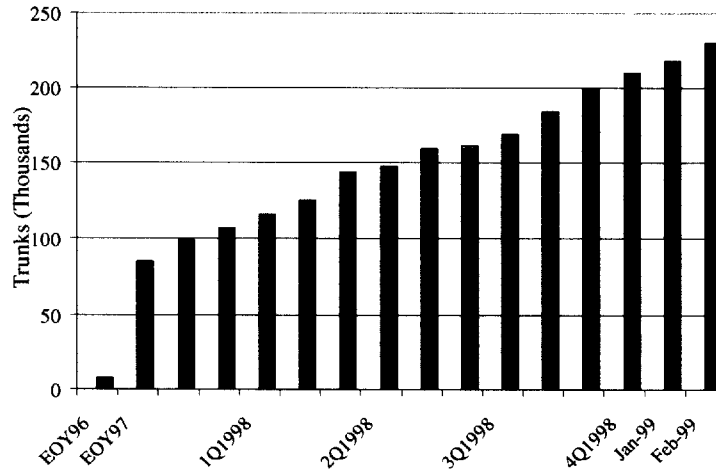
Minutes of Use Exchanged



**Growth In Loops
(Unbundled and Platform)**



CLEC Interconnection Trunks



In light of the substantial investment local competitors have already made in competing facilities, the Commission needs to take a balanced approach.

Too much unbundling can harm competition just as much as too little unbundling.

- The availability of network elements at TELRIC prices will discourage new entrants from investing in their own facilities and retard innovation.
- The requirement to make network elements available at TELRIC prices will discourage incumbent carriers from investing in and upgrading their existing networks.
- Requiring incumbents to unbundle network elements that competitors have already deployed will undermine those competitors' ability to compete.

The Commission only should require unbundling of elements that competitors truly need in order to compete; it should not require unbundling of network elements that competitors don't need.

At a minimum, where competing carriers have already deployed a particular network element or can obtain it from other sources, incumbent carriers should not be required to unbundle that element.

Where elements are already deployed by competing carriers, they should not be unbundled either individually or in combination with other elements (particularly as part of a so-called UNE-Platform).

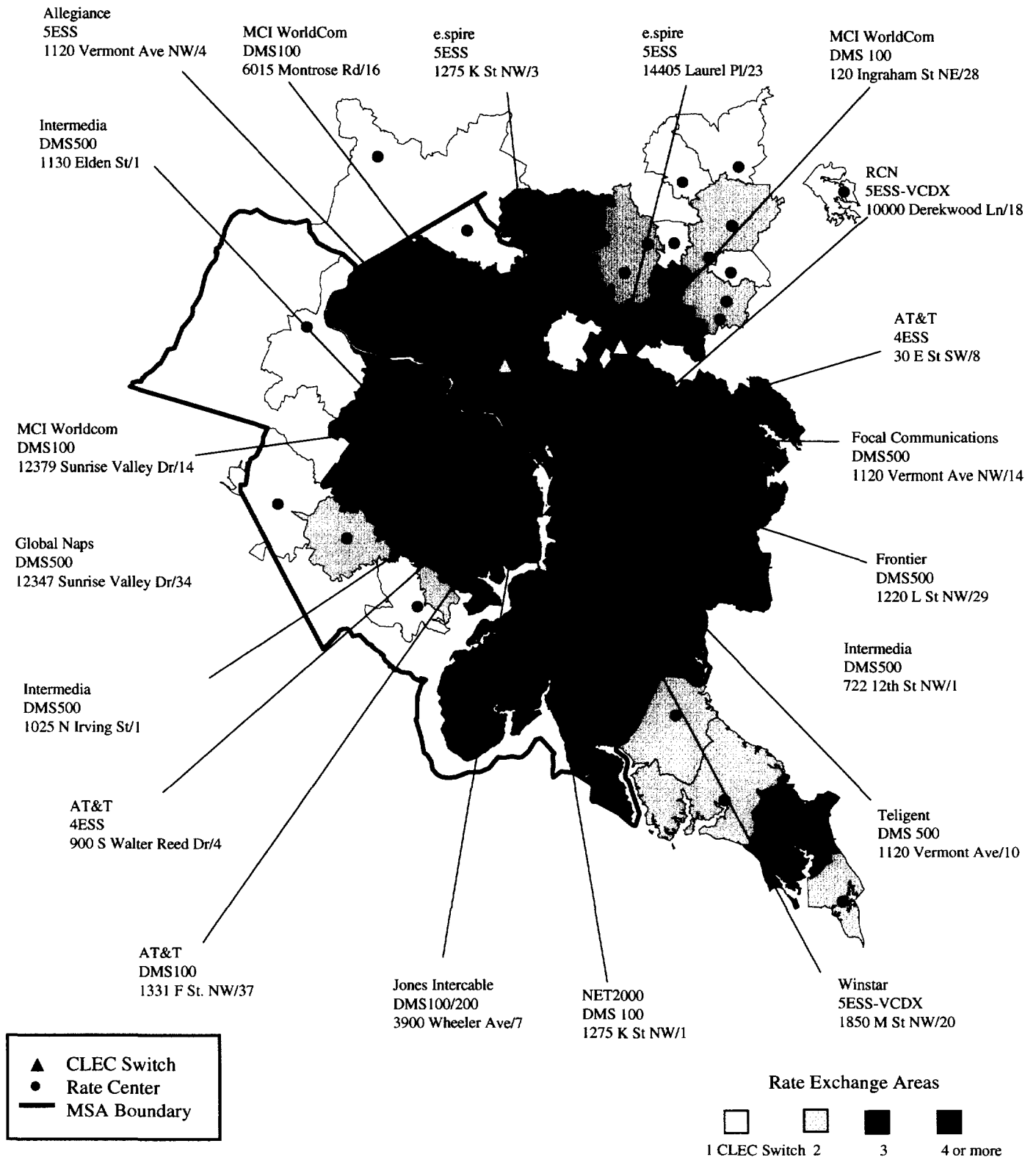
Facilities-Based Carriers Oppose the UNE-Platform

- ALTS told the Supreme Court that “the availability of [UNE Platform] at the lower prices usually generated by section 251(c)(3)’s pricing standard would lessen the incentive for new entrants to build their own facilities.” Brief of ALTS, No. 97-286, p. 8 (May 18, 1998).
- Intermedia explained that “[i]f a competing carrier can obtain an entire platform [of preassembled network elements] at incremental cost that effectively replaces a tariffed service, it will have no incentive to invest in deploying its own facilities in the local network.” Reply Comments of Intermedia Communications, Case No. 97-C-1963, at 5 (N.Y. P.S.C. Dec. 12, 1997).
- Time Warner opposed a recommended state commission decision because “the ALJ failed to address adequately the negative impact on investment in new facilities that would result if a rebundling platform, priced at TELRIC prices, is made available to new entrants.” Brief on Exceptions of Time Warner Communications Holdings, Inc., Case No. 98-C-0690, at 4 (N.Y.P.S.C. Aug. 18, 1998).

Competing Local Switches in the Bell Atlantic Region

- Competitive carriers have already deployed more than 150 of their own local switches in the Bell Atlantic region.
- Competing carriers' switches can serve customers at least 600 miles away.
- Competing carriers have already obtained more than 4,500 NXX codes for their switches.
- Nearly 60 percent of rate exchange areas in the Bell Atlantic region have at least one competing carrier with its own switch and NXX code.
- At least 38 percent of Bell Atlantic's rate exchange areas have at least two carriers with their own switch and NXX codes.

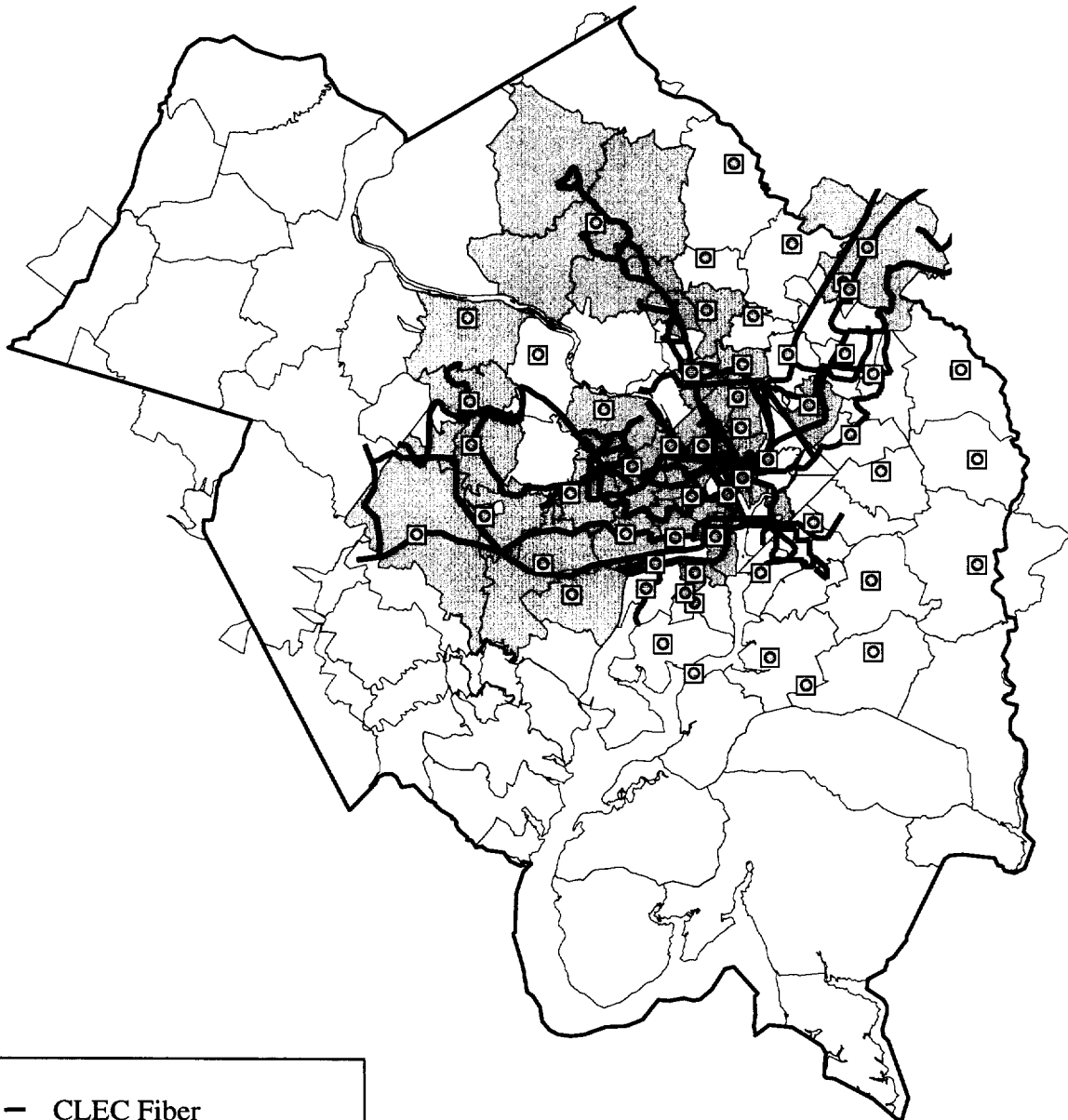
Map 2. CLEC Switches and Competitively Served Rate Centers Washington, DC MSA



Competing Local Transport Facilities in the Bell Atlantic Region

- Competitors have over 725,000 miles of fiber.
- Competitors have connected their networks to Bell Atlantic wire centers through over 1,500 collocation arrangements.
- Competitors have also connected their networks to interexchange carrier points-of-presence and hundreds of office buildings in each major metropolitan.
- Competing networks can now service approximately *90 percent* of the Bell Atlantic's special access transport customers in Bell Atlantic's 12 most densely populated jurisdictions.
- By the beginning of 1998, competitors were using their own networks to provide approximately 30 percent of the high capacity special access services in these jurisdictions and up to 50 percent in key business centers.

Map 3. CLEC Fiber And Collocation
Washington, DC MSA



- CLEC Fiber
- Wirecenter
- ⊠ Collocated Wirecenter
- Dense Wirecenter

Advanced Services Equipment

- Advances services equipment is not a carryover from a public utility era; it is a risky investment made by Bell Atlantic in a competitive market with absolutely no assurance that those investments will be successful or profitable.
- The Commission has already determined that the market for advanced services is a competitive one.
- Bell Atlantic does not have a headstart over competing carriers with respect to advanced services technology.
- Bell Atlantic and competing carriers are subject to advanced services competition from alternative media, such as cable modems and wireless.
- Imposing an unbundling obligation on advanced services equipment would discourage investment in that equipment.